

**October 22, 2013**

**To: Thomas J. Bonfield, City Manager**  
**Through: Keith Chadwell, Deputy City Manager**  
**From: Reginald J. Johnson, Director**  
**Department of Community Development**  
**Cc: Terri Porter Holmes, Assistant Director**  
**Department of Community Development**  
**Subject: Mortgage Loan Servicing with AmeriNational Community Services, Inc.**

**Executive Summary**

The Mortgage Loan Servicing Review Committee comprised of staff from the Department of Community Development, the Department of Equal Opportunity/Equity Assurance, the Finance Department and the City Manager's office, prepared a Request for Proposal (RFP) for comprehensive loan servicing. The RFP was designed to solicit responses to assist the Department of Community Development in effectively servicing the City's loan portfolio.

Three proposals were received for Mortgage Loan Servicing: Dovenmuehle Mortgage, Inc. of Lake Zurich, Illinois, Ofori & Associates, PC of Raleigh, North Carolina, and AmeriNational Community Services, Inc. of Downey, California.

**Recommendation**

The Department of Community Development recommends that City Council authorize the expenditure of up to \$303,855.00 in BOND Funds and to accept the proposal provided by AmeriNational Community Services, Inc. for servicing of all City of Durham's mortgage loans and to authorize the City Manager to execute an Agreement for a three-year period beginning December 1, 2013 – November 30, 2016 with AmeriNational Community Services, Inc. in the amount not to exceed \$303,855.00.

**Background**

AmeriNational Community Services, Inc. has been the loan servicing agent for the City of Durham since November 1, 2004 spanning the past nine years. During that time, they have provided quality service in a timely manner to the City of Durham. AmeriNational Community Services, Inc. services the City's mortgage loans in accordance with all State and Federal regulations.

The RFP was issued to receive proposals from qualified persons or firms for the Mortgage Loan Origination and Underwriting and Mortgage Loan Servicing of the City of Durham affordable housing loans to first time homebuyers and mortgage loan servicing. The RFP was posted on the City's website December 27, 2012 and proposals were due on January 28, 2013.

Dovenmuehle Mortgage, Inc. was the top scoring respondent. However, during negotiations Dovenmuehle was not willing to accept the City of Durham's standard vendor contract and

desired to add terms and language that were in conflict with the City of Durham's contract policy. Dovenmuehle would not accept the City's contract because of the following reasons: a) Dovenmuehle insisted upon using their standard contract because it included information on all types of mortgage loans (i.e. ARM, Balloon, Prime Rate, VA Loans) that were not requested in the RFP's scope of work. This information was not warranted because it included types of loans the City does not administer and did not need to be included in the contract; b) Since Dovenmuehle is located in the State of Illinois, they insisted the contract adhere to Illinois law, which requires binding arbitration. This is contrary to North Carolina law, which requires non-binding arbitration. Further, their contract requires that litigation be under Illinois law. The City requires that its contracts be under North Carolina law.

AmeriNational Community Services, Inc. was the next highest scoring candidate selected by the review team.

### Issues/Analysis

The Review Committee reviewed the RFP response for completeness, responsiveness, and capacity based on the following criteria:

- a) Successful operation record and past experience in providing similar services to other cities (5 years);
- b) Respondent is located within a 60 mile radius of Durham;
- c) Designated contact person for City loans;
- d) Proposed minority/women participation;
- e) Indication of financial capability for handling services;
- f) Familiarity with service performance;
- g) Cost of providing services;
- h) Availability of staff;
- i) Insurance coverage;
- j) References; and
- k) Other things considered relevant.

<b>PROPOSAL REVIEWS</b> Mortgage Loan Servicing <b>Results of Review Committee</b>
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	AmeriNational Community Services	Dovenmuehle Mortgage	Ofori & Associates
<b>Understanding of the Project (5 points)</b>	4.00	4.83	3.83
<b>Methodology Used for the Project (15 points)</b>	12.50	15.00	11.50
<b>Management Plan for the Project (20) points</b>	13.67	19.00	13.50
<b>Experience and Qualifications (35 points)</b>	28.67	31.67	24.17
<b>Contract Cost (25 points)</b>	22.83	19.67	10.33
<b>TOTAL</b>	<b>81.67</b>	<b>90.17</b>	<b>63.33</b>

**Alternatives**

One alternative to contracting with AmeriNational Community Services, Inc. is to reject their proposal and seek another mortgage loan servicer.

Another alternative is to reject the proposal from AmeriNational Community Services, Inc. and assign responsibility for these functions to City staff. This alternative would require hiring additional staff and the purchase of computer software and programs in addition to training. The computer software and licenses would be very costly to the City.

**Financial Impact**

The City will utilize BOND Funds to pay AmeriNational Community Services, Inc. annually on a projected fee-for-services basis for the following services:

**Estimated Mortgage Loan Servicing Fees  
3-year Agreement**

<b>FISCAL YEAR</b>	<b># OF LOANS/COST</b>	<b>COST</b>
<b>12/1/2013 – 6/30/2014</b>	<b>631 Loans</b>	<b>\$ 59,082.92</b>
<b>7/1/2014 – 6/30/2015</b>	<b>631 Loans</b>	<b>\$ 101,285.00</b>
<b>7/1/2015 – 6/30/2016</b>	<b>631 Loans</b>	<b>\$ 101,285.00</b>
<b>7/1/2016 – 11/30/2016</b>	<b>631 Loans</b>	<b>\$ 42,202.08</b>

**Total Projections:                      \$ 303,855.00**

**SDBE Requirements**

The Equal Opportunity/Equity Assurance Department reviewed the proposal submitted by AmeriNational Community Services, Inc. of Downey, California and have determined that they are in compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

**Attachments**

Mortgage Loan Servicing Contract  
Estimated Loan Servicing Fees  
SDBE Compliance Report